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106TH CONGRESS
2D SESSION

S. _____

[Report No. 106-____]

IN THE SENATE OF THE UNITED STATES

JUNE ____ (legislative day, _____), 2000

Mr. ROTH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

A BILL

To amend the Internal Revenue Code of 1986 to provide marriage tax relief by adjusting the standard deduction, 15-percent and 28-percent rate brackets, and earned income credit, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Marriage Tax Relief Reconciliation Act of 2000”.

6 (b) SECTION 15 NOT TO APPLY.—No amendment
7 made by this Act shall be treated as a change in a rate

1 of tax for purposes of section 15 of the Internal Revenue
2 Code of 1986.

3 **SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STAND-**
4 **ARD DEDUCTION.**

5 (a) IN GENERAL.—Paragraph (2) of section 63(c) of
6 the Internal Revenue Code of 1986 (relating to standard
7 deduction) is amended—

8 (1) by striking “\$5,000” in subparagraph (A)
9 and inserting “200 percent of the dollar amount in
10 effect under subparagraph (C) for the taxable year”;

11 (2) by adding “or” at the end of subparagraph
12 (B);

13 (3) by striking “in the case of” and all that fol-
14 lows in subparagraph (C) and inserting “in any
15 other case.”; and

16 (4) by striking subparagraph (D).

17 (b) TECHNICAL AMENDMENTS.—

18 (1) Subparagraph (B) of section 1(f)(6) of such
19 Code is amended by striking “(other than with” and
20 all that follows through “shall be applied” and in-
21 serting “(other than with respect to sections
22 63(c)(4) and 151(d)(4)(A)) shall be applied”.

23 (2) Paragraph (4) of section 63(c) of such Code
24 is amended by adding at the end the following flush
25 sentence:

1 “The preceding sentence shall not apply to the
2 amount referred to in paragraph (2)(A).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2000.

6 **SEC. 3. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT**
7 **AND 28-PERCENT RATE BRACKETS.**

8 (a) IN GENERAL.—Subsection (f) of section 1 of the
9 Internal Revenue Code of 1986 (relating to adjustments
10 in tax tables so that inflation will not result in tax in-
11 creases) is amended by adding at the end the following
12 new paragraph:

13 “(8) PHASEOUT OF MARRIAGE PENALTY IN 15-
14 PERCENT AND 28-PERCENT RATE BRACKETS.—

15 “(A) IN GENERAL.—With respect to tax-
16 able years beginning after December 31, 2001,
17 in prescribing the tables under paragraph (1)—

18 “(i) the maximum taxable income
19 amount in the 15-percent rate bracket, the
20 minimum and maximum taxable income
21 amounts in the 28-percent rate bracket,
22 and the minimum taxable income amount
23 in the 31-percent rate bracket in the table
24 contained in subsection (a) shall be the ap-
25 plicable percentage of the comparable tax-

1 able income amounts in the table contained
 2 in subsection (c) (after any other adjust-
 3 ment under this subsection), and

4 “(ii) the comparable taxable income
 5 amounts in the table contained in sub-
 6 section (d) shall be 1/2 of the amounts de-
 7 termined under clause (i).

8 “(B) APPLICABLE PERCENTAGE.—For
 9 purposes of subparagraph (A), the applicable
 10 percentage shall be determined in accordance
 11 with the following table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2002	170.3
2003	173.8
2004	180.0
2005	183.2
2006	185.0
2007 and thereafter	200.0.

12 “(C) ROUNDING.—If any amount deter-
 13 mined under subparagraph (A)(i) is not a mul-
 14 tiple of \$50, such amount shall be rounded to
 15 the next lowest multiple of \$50.”.

16 (b) TECHNICAL AMENDMENTS.—

17 (1) Subparagraph (A) of section 1(f)(2) of such
 18 Code is amended by inserting “except as provided in
 19 paragraph (8),” before “by increasing”.

20 (2) The heading for subsection (f) of section 1
 21 of such Code is amended by inserting “PHASEOUT

1 OF MARRIAGE PENALTY IN 15-PERCENT AND 28-
2 PERCENT RATE BRACKETS;” before “ADJUST-
3 MENTS”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2001.

7 **SEC. 4. MARRIAGE PENALTY RELIEF FOR EARNED INCOME**
8 **CREDIT.**

9 (a) IN GENERAL.—Paragraph (2) of section 32(b) of
10 the Internal Revenue Code of 1986 (relating to percent-
11 ages and amounts) is amended—

12 (1) by striking “AMOUNTS.—The earned” and
13 inserting “AMOUNTS.—

14 “(A) IN GENERAL.—Subject to subpara-
15 graph (B), the earned”; and

16 (2) by adding at the end the following new sub-
17 paragraph:

18 “(B) JOINT RETURNS.—In the case of a
19 joint return, the phaseout amount determined
20 under subparagraph (A) shall be increased by
21 \$2,500.”.

22 (b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of
23 section 32(j) of such Code (relating to inflation adjust-
24 ments) is amended to read as follows:

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins,
4 determined—

5 “(i) in the case of amounts in sub-
6 sections (b)(2)(A) and (i)(1), by sub-
7 stituting ‘calendar year 1995’ for ‘calendar
8 year 1992’ in subparagraph (B) thereof,
9 and

10 “(ii) in the case of the \$2,500 amount
11 in subsection (b)(2)(B), by substituting
12 ‘calendar year 2000’ for ‘calendar year
13 1992’ in subparagraph (B) of such section
14 1.”.

15 (c) ROUNDING.—Section 32(j)(2)(A) of such Code
16 (relating to rounding) is amended by striking “subsection
17 (b)(2)” and inserting “subsection (b)(2)(A) (after being
18 increased under subparagraph (B) thereof)”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2000.

22 **SEC. 5. PRESERVE FAMILY TAX CREDITS FROM THE ALTER-**
23 **NATIVE MINIMUM TAX.**

24 (a) IN GENERAL.—Subsection (a) of section 26 of the
25 Internal Revenue Code of 1986 (relating to limitation

1 based on tax liability; definition of tax liability) is amend-
2 ed to read as follows:

3 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
4 aggregate amount of credits allowed by this subpart for
5 the taxable year shall not exceed the sum of—

6 “(1) the taxpayer’s regular tax liability for the
7 taxable year reduced by the foreign tax credit allow-
8 able under section 27(a), and

9 “(2) the tax imposed for the taxable year by
10 section 55(a).”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Subsection (d) of section 24 of such Code
13 is amended by striking paragraph (2) and by redesi-
14 gnating paragraph (3) as paragraph (2).

15 (2) Section 32 of such Code is amended by
16 striking subsection (h).

17 (3) Section 904 of such Code is amended by
18 striking subsection (h) and by redesignating sub-
19 sections (i), (j), and (k) as subsections (h), (i), and
20 (j), respectively.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2001.

1 **SEC. 6. COMPLIANCE WITH BUDGET ACT.**

2 (a) IN GENERAL.—Except as provided in subsection
3 (b), all amendments made by this Act which are in effect
4 on September 30, 2005, shall cease to apply as of the close
5 of September 30, 2005.

6 (b) SUNSET FOR CERTAIN PROVISIONS ABSENT SUB-
7 SEQUENT LEGISLATION.—The amendments made by sec-
8 tions 2, 3, 4, and 5 of this Act shall not apply to any
9 taxable year beginning after December 31, 2004.